Lightning Talks: Creative Solutions to the L.A. Affordability Crisis
Convention Center, Room 515
October 25, 2017 * 10:45 AM – 12:00 PM

Moderator:
Tim Sullivan, Meyers Research LLC

Speakers:
Dora Gallo, CEO, A Community of Friends
Doug Guthrie, President and CEO, Housing Authority of the City of Los Angeles
Con Howe, Managing Director, Los Angeles Fund, CityView
Tony Salazar, Principal, McCormack Baron Salazar
Bill Witte, Chairman and CEO, Related California
Lara Regus, Sr. Vice President-Development, Abode Communities
Ben Winter, Housing Policy Specialist, Office of Mayor Eric Garcetti
Jacqueline Waggoner, Vice President/SoCal Market Leader, Enterprise Community
Mott Smith, Co-Founder and Principal, Civic Enterprise
Definition of Lightning Talks

A lot of professionals sharing a lot of ideas in a short period of time
Goal for Today

*To provide insights and “lessons learned” from a diverse set of real estate professionals*
Three Simple Rules

1) Each speaker has 3 minutes
2) Visuals are involved
3) Questions will be worked in
Dora Gallo
CEO
A Community of Friends
DESIGN MATTERS:
Overcoming Opposition by Involving the Community in the Design Process

Dora Leong Gallo
Chief Executive Officer
OUR BUILDINGS
OUR TENANTS
Gower Advisory Committee (GAC)

- Result of community demand for participation - link between the developers and the community
- Participants included pastor, HUNC, civic association, service providers, local businesses, CRA staff
- Met approximately 15 times from March 2007–April 2008
  - Design Open Houses
    - 5 Meetings
  - Tours of neighborhood and ACOF projects
- Participated in Selection of Architect
VILLAS AT GOWER
Doug Guthrie
President and CEO
Housing Authority of the City of Los Angeles
700 existing residential units, gymnasium, community center, mgmt. office

Built in the 1940s/50s

HACLA Purchased 21 acres of adjacent land to allow a Build First Strategy.

SITE IN CONTEXT
SPECIFIC PLAN & MASTER PLAN

- Over 1,400 units of mixed income housing including 1-for-1 replacement of existing units
- Robust job training and social services platform
- Extend Century Blvd
- New 50,000 square foot Community Center
- New 120,000 square foot Retail Center to activate economy
- New 9 acres of Open Space
Con Howe
Managing Director
Los Angeles Fund, CityView
2017 ULI Jack Kemp Award Finalist
Tony Salazar
Principal
McCormack Baron Salazar
Taylor Yard

Los Angeles, CA
Taylor Yard Redevelopment

Legend
- Project Site
- Parcel C – Remainder Parcel
- Parcel D – State Park
- Parcel E – Fed-Ex Facility
- Parcel F – LAUSD High School
- Parcel G1 – State-owned
- Parcel G2 – City-owned

Los Angeles, CA
Taylor Yard Senior Housing
108 Affordable Senior Unit
River Park For-Sale

Lot 4 of Tract
Bill Witte
Chairman and CEO
Related California
OCEAN AVENUE SOUTH
OCEAN AVENUE SOUTH

- $450M Mixed-Use, Mixed Income Development on Ocean Avenue in Santa Monica
  - 158 ultra-luxury condominiums, 20,000sf of retail, 160 affordable apartments
- Project was developed in partnership with City of Santa Monica and affordable component with Community Corporation of Santa Monica
  - Project is on a 99-year ground lease with the City of Santa Monica
  - Related responded to an RFQ/RFP in 2005
  - DDA and DA was executed in 2008 and restructured in 2010
- 3 Components:
  - The Waverly (Site A): 65 luxury condos + 9,700 sf ground floor retail, 6 stories
  - Belmar Apartments (Site B): 160 affordable rentals, 3-6 stories
  - The Seychelle (Site C): 93 luxury condos + 10,300 sf ground floor retail, 10 stories
- Retail: Starbucks, eLOVate, Joan’s on Third, Herringbone, plus one additional retailer to be announced
- Extension of Olympic Drive from Ocean Avenue to Main Street
- New Medians landscaped along Ocean Avenue
<table>
<thead>
<tr>
<th>Financing Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>$43.0M Tax Exempt Bonds from Wells Fargo and issued by CSCDA; credit enhanced and Public Bond Offering.</td>
</tr>
<tr>
<td>$28.4M of 4% Low Income Housing Federal</td>
</tr>
<tr>
<td>$10.0M HCD Multifamily Housing Program Loan</td>
</tr>
<tr>
<td>$19.4M City of Santa Monica Residential Receipt Loan</td>
</tr>
<tr>
<td>Related paid $19.4M for the 99-year pre-paid Ground Lease for The Waverly and The Seychelle</td>
</tr>
<tr>
<td>Construction of the Project commenced Dec. 2011 and was completed in Feb. 2014</td>
</tr>
<tr>
<td>Project fully leased up in 4 months; project has a waitlist of 2,000+</td>
</tr>
</tbody>
</table>

**Additional Considerations**

| City of Santa Monica participates on the excess profits from the residential condominium sales at The Waverly and The Seychelle |
Belmar Apartments

Main Street Elevation

Interior Courtyard

Ocean Avenue South | Santa Monica, CA
Lara Regus
Sr. Vice President
Abode Communities
Innovative Joint-Use Development: Partnership With LAUSD

Date:
October 25, 2017

Presented To:
Urban Land Institute Fall Meeting

Presented By:
Lara Regus, Senior Vice President, Development
Selma Community Housing

**Joint-Use:** Affordable Housing + Shared Parking on LAUSD land

**Units:** 66 service-enhanced affordable + workforce homes

**Parking:** 67 residential; 50 LAUSD/Public

**Ground Lease:** 66 years

**Cost:** $33 Million

**Complete:** September 2016
**Benefits to LAUSD**

- Maximizes underutilized land
- Long-term ground lease payments
- Revenue generation from public parking
- Improves employee retention
Transit Oriented Communities
Affordable Housing Incentive Program

Ben Winter, Housing Policy Lead
Mayor Eric Garcetti’s Office of Economic Opportunity

ULI Fall Conference
October 25, 2017
Measure JJJ

- Passed with 64% of vote in November 2016
- New Affordable Housing and Labor Requirements
- New Community Plan Monitoring Requirements
- New Transit Oriented Communities (TOC) Affordable Housing Incentive Program

TOC Eligibility

Per Measure JJJ:
- Construction or addition of 5 units or more
- Located within a 1/2 mile of a major transit stop
- At least 8% Extremely Low Income, 11% Very Low, or 20% Low Income Households
- Include (AB 2222) housing replacement requirements

Obtains:
- Base Incentives: Density, FAR and parking
- 2-3 Additional Incentives
½ Mile from Major Transit Stop

- Any train station, or
- An intersection of two bus routes with 15 min. headways

- LA has 86% of region's Major Transit Stops
- Stops will evolve and expand as transit improves
Tier Structure

<table>
<thead>
<tr>
<th>Type of Major Transit Stop</th>
<th>Tier 1 (low)</th>
<th>Tier 2 (medium)</th>
<th>Tier 3 (high)</th>
<th>Tier 4 (regional)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two Regular Buses* (intersection of 2 non-Rapid Bus lines, each w/ 15 min. peak headways)</td>
<td>750 - 2640 ft.</td>
<td>&lt; 750 ft.</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Regular plus Rapid Bus* (intersection of a Regular Bus and Rapid Bus line)</td>
<td>1500 – 2640 ft.</td>
<td>750 – 1500 ft.</td>
<td>&lt; 750 ft.</td>
<td>-</td>
</tr>
<tr>
<td>Two Rapid Buses (intersection of two Rapid Bus lines)</td>
<td>-</td>
<td>1500-2640 ft.</td>
<td>&lt; 1500 ft.</td>
<td>-</td>
</tr>
<tr>
<td>Metrolink Rail Stations</td>
<td>1500 – 2640 ft.</td>
<td>750 – 1500 ft.</td>
<td>&lt; 750 ft.</td>
<td>-</td>
</tr>
<tr>
<td>Metro Rail Stations</td>
<td>-</td>
<td>-</td>
<td>&lt; 2640 ft.</td>
<td>&lt; 750 ft. from intersection with another rail line or a Rapid Bus stop</td>
</tr>
</tbody>
</table>

100% affordable housing developments can “bump up” one tier.
# Base Incentives (Ministerial)

<table>
<thead>
<tr>
<th></th>
<th>Current Density Bonus</th>
<th>Low (Tier 1)</th>
<th>Medium (Tier 2)</th>
<th>High (Tier 3)</th>
<th>Regional (Tier 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Affordable Housing Requirement</strong></td>
<td>8% VL 14% Low</td>
<td>8% ELI 11% VL 20% Low</td>
<td>9% ELI 12% VL 21% Low</td>
<td>10% ELI 14% VL 23% Low</td>
<td>11% ELI 15% VL 25% Low</td>
</tr>
<tr>
<td><strong>Increase in Maximum Allowable Number of Dwelling Units</strong></td>
<td>35% increase</td>
<td>50%</td>
<td>60%</td>
<td>70%</td>
<td>80%</td>
</tr>
<tr>
<td><strong>Increase in Floor Area Ratio (FAR)</strong></td>
<td>35% increase, 3.0 in C zoned lots within 1,500 ft of transit</td>
<td>Up to 40% or at least 2.75:1 in commercial zones</td>
<td>Up to 45% or at least 3.25:1 in commercial zones</td>
<td>Up to 50% or at least 3.75:1 in commercial zones</td>
<td>Up to 55% or at least 4.25:1 in commercial zones</td>
</tr>
<tr>
<td><strong>Residential Minimum Parking Requirements</strong></td>
<td>0.5 spaces/br</td>
<td>0.5 spaces/br. max. 1 space</td>
<td>0.5 spaces/br; 20% reduction</td>
<td>0.5 spaces/unit; 30% reduction</td>
<td>None</td>
</tr>
<tr>
<td>Ground Floor Commercial</td>
<td>N/A</td>
<td>10% reduction</td>
<td>20% reduction</td>
<td>30% reduction</td>
<td>40% reduction</td>
</tr>
</tbody>
</table>
## Additional Incentives (2-3)

### Height

<table>
<thead>
<tr>
<th>Height</th>
<th>Current Density Bonus</th>
<th>Tier 1 (Low)</th>
<th>Tier 2 (Med)</th>
<th>Tier 3 (High)</th>
<th>Tier 4 (Regional)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transitional</td>
<td>11 ft or one story Regular plus DB provisions</td>
<td>11 ft or one story Low</td>
<td>11 ft or one story Low</td>
<td>22 ft or two stories Med</td>
<td>33 ft or three stories High</td>
</tr>
<tr>
<td>Height</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

![Height Diagram]

![Tier 1 and 2 Diagram]

![Tier 3 Diagram]

![Tier 4 Diagram]
## Additional Incentives

Cont. (2-3)

<table>
<thead>
<tr>
<th></th>
<th>Current Density Bonus</th>
<th>Tier 1 (Low)</th>
<th>Tier 2 (Med)</th>
<th>Tier 3 (High)</th>
<th>Tier 4 (Regional)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yard/Setback</td>
<td></td>
<td>20% (one yard)</td>
<td>25% (one yard)</td>
<td>30% (one yard)</td>
<td>30% (two yard)</td>
</tr>
<tr>
<td>Reduction</td>
<td>R Zones</td>
<td>N/A</td>
<td>Same as RAS3</td>
<td>Same as RAS3</td>
<td>Same as RAS3</td>
</tr>
<tr>
<td></td>
<td>C Zones</td>
<td>N/A</td>
<td>Front yards in R zones may not be reduced</td>
<td>Front yards in R zones may not be reduced</td>
<td>Front yards in R zones may not be reduced</td>
</tr>
<tr>
<td></td>
<td>Exception</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Open Space</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>Reduction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lot Coverage</td>
<td>20%</td>
<td>25%</td>
<td>25%</td>
<td>35%</td>
<td>35%</td>
</tr>
<tr>
<td>Increase</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lot Width</td>
<td>20%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>Reduction</td>
<td>PF Zone</td>
<td>N</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
</tbody>
</table>

Note: RAS3 = Residential Asset Strategies 3
After one month... it very well, actually, “might be working”

“Architect Keith Labus of KTGY Architecture + Planning said the new incentives have allowed the Hope on Alvarado project to grow from 64 to 84 units.

‘Any time a developer can get more density and spread the cost of the land out over more units, that’s a win-win for them,’ Labus said.”

KPCC, October 18th, 2017
Helpful Contacts

Priority Housing Project
Los Angeles Department of City Planning
dcpphp@lacity.org, 213.202.5456

Matt Glesne, Housing Policy Unit
Los Angeles Department of City Planning
matthew.glesne@lacity.org

Ben Winter, Housing Policy Lead
Los Angeles Mayor Garcetti’s Office
ben.winter@lacity.org
Jacqueline Waggoner
Vice President/
SoCal Market Leader
Enterprise Community
Anti-displacement + Preservation through Small Multifamily Housing

Build

Preserve

Protect

Enterprise
Small Multifamily Housing

- Buildings with 2 to 49 units
- Unsubsidized and non-deed restricted
- Are generally the most affordable of the housing stock
- 62% of people in the region live in small multifamily housing
Small and Medium Multi-Family (SMMF) Properties in Los Angeles

Research Partners

Brian Y. An (University of Southern California)
Raphael W. Bostic (Federal Reserve Bank of Atlanta)
Andrew Jakabovics (Enterprise Community Partners)
Anthony W. Orlando (University of Southern California)
Seva Rodnyansky (University of Southern California)
### Population Living in SMMF in Major Metro Areas

<table>
<thead>
<tr>
<th>Population Rank</th>
<th>Largest Combined Statistical Areas (CBSAs) in the U.S.</th>
<th>Population¹</th>
<th>Share in all SMMF</th>
<th>Share in 2-4</th>
<th>Share in 5-19</th>
<th>Share in 20-49</th>
<th>Share in 50+</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>New York-Newark-Jersey City</td>
<td>19,304,728</td>
<td>36.1%</td>
<td>19.8%</td>
<td>8.8%</td>
<td>7.5%</td>
<td>12.9%</td>
</tr>
<tr>
<td>2</td>
<td>Los Angeles-Long Beach-Anaheim</td>
<td>12,728,361</td>
<td>26.7%</td>
<td>7.8%</td>
<td>12.6%</td>
<td>6.3%</td>
<td>6.2%</td>
</tr>
<tr>
<td>3</td>
<td>Chicago-Naperville-Elgin</td>
<td>9,334,478</td>
<td>25.6%</td>
<td>13.7%</td>
<td>9.1%</td>
<td>2.8%</td>
<td>4.3%</td>
</tr>
<tr>
<td>4</td>
<td>Dallas-Fort Worth-Arlington</td>
<td>6,490,866</td>
<td>17.7%</td>
<td>3.8%</td>
<td>10.9%</td>
<td>3.0%</td>
<td>3.3%</td>
</tr>
<tr>
<td>5</td>
<td>Houston-The Woodlands-Sugar Land</td>
<td>5,990,370</td>
<td>16.7%</td>
<td>3.0%</td>
<td>10.5%</td>
<td>3.2%</td>
<td>4.3%</td>
</tr>
<tr>
<td>...</td>
<td>...</td>
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<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>11</td>
<td>San Francisco-Oakland-Hayward</td>
<td>4,321,784</td>
<td>24.8%</td>
<td>10.2%</td>
<td>9.9%</td>
<td>4.7%</td>
<td>5.8%</td>
</tr>
<tr>
<td>13</td>
<td>Riverside-San Bernardino-Ontario</td>
<td>4,206,440</td>
<td>12.3%</td>
<td>4.9%</td>
<td>6.0%</td>
<td>1.4%</td>
<td>2.2%</td>
</tr>
<tr>
<td>17</td>
<td>San Diego-Carlsbad</td>
<td>3,047,776</td>
<td>23.3%</td>
<td>6.8%</td>
<td>12.4%</td>
<td>4.2%</td>
<td>5.7%</td>
</tr>
<tr>
<td>27</td>
<td>Sacramento-Roseville-Arden-Arcade</td>
<td>2,134,224</td>
<td>15.6%</td>
<td>6.0%</td>
<td>7.9%</td>
<td>1.7%</td>
<td>3.0%</td>
</tr>
<tr>
<td>34</td>
<td>San Jose-Sunnyvale-Santa Clara</td>
<td>1,836,129</td>
<td>20.4%</td>
<td>7.4%</td>
<td>9.1%</td>
<td>3.9%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Average population share in top 40 largest CBSAs</td>
<td></td>
<td>18.3%</td>
<td>6.9%</td>
<td>8.6%</td>
<td>2.8%</td>
<td>3.6%</td>
<td></td>
</tr>
</tbody>
</table>

¹) Only MSAs over 1 million population were included in the comparison.  
Average Rent per Unit by Building Size: LA metro vs. US

U.S. average: $831
L.A. average: $1,136

1) Weighted Average rent per rental unit, based on total number of units per building size category. Top-codes excluded. Source: author calculations from AHS 2013
Construction Patterns in LA County
(1900-2012)
<table>
<thead>
<tr>
<th>Small Multifamily (SMF) Pilot Loan Program</th>
<th>New Generation Fund (NGF)</th>
<th>Metro Affordable Transit Connected Housing (MATCH)</th>
</tr>
</thead>
</table>
## Acquisition Loan Funds for the Preservation of Small Multifamily Properties

<table>
<thead>
<tr>
<th>Product</th>
<th>Small Multifamily (SMF) Pilot Loan Program</th>
<th>New Generation Fund (NGF) - Los Angeles NOAH Loan Program</th>
<th>Metro Affordable Transit Connected Housing (MATCH)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Manager</td>
<td>Genesis LA, Enterprise</td>
<td>City of Los Angeles, Forsyth Street Advisors, Enterprise</td>
<td>LIIF, Enterprise, LISC</td>
</tr>
<tr>
<td>Underwriting Lender(s)</td>
<td>Genesis LA, Enterprise</td>
<td>Enterprise, LISC, LIIF, Century, CSH, Genesis LA</td>
<td>LIIF, Enterprise, LISC</td>
</tr>
<tr>
<td>Loan Purpose</td>
<td>Acquisition/rehab loan targeting 5-15 unit</td>
<td>Acquisition/rehab loan targeting 20+ unit</td>
<td>Housing + Transportation loan &amp; Predevelopment loan to preserve SMF and expand number of units</td>
</tr>
<tr>
<td>Loan to Value</td>
<td>Up to 105%</td>
<td>Up to 120% for non-profit; Up to 95% for for-profit</td>
<td>Up to 120%</td>
</tr>
<tr>
<td>Loan Amount</td>
<td>Up to $2,000,000</td>
<td>Minimum $1,000,000 up to $10,000,000</td>
<td>Predevelopment maximum $1,500,000; Housing + Transportation loan up to $4,000,000</td>
</tr>
<tr>
<td>Loan Term</td>
<td>Up to 10 years</td>
<td>Up to 48 months</td>
<td>Predevelopment loan up to 24 months; Housing + Transportation loan up to 5 years</td>
</tr>
<tr>
<td>Income Limits</td>
<td>&gt; 120% AMI</td>
<td>&gt; 150% AMI</td>
<td>&gt; 80% AMI</td>
</tr>
</tbody>
</table>
DEAL SUMMARY

- Location: East Los Angeles
- Project Description: 17-Units
- AMI Served: 31-120% AMI
- Public Subsidy: $0
- Rehab Estimate: $15k per unit
- Acquisition/Rehab Loan Terms
  - $2.3 Million
  - Up to 10 years
  - 102% LTV
- Senior Loan -68% LTV
- Mezzanine Loan – 82% LTV
- Junior Loan -102%
- Exit Options: Permanent loan or 4% LIHTCs

VALLEJO
Pilot Loan

[Image of a house with cars parked in front]
Mott Smith
Co-Founder and Principal
Civic Enterprise
Lightning Talks: Creative Solutions to the L.A. Affordability Crisis

Lessons Learned and Takeaways